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Good morning and welcome to the Henkel conference call. With us today are Kasper Rorsted, CEO, Carsten Knobel, CFO, and the investor relations team. Today’s conference call is being recorded and the webcast is available at www.henkel.com/ir. At this time I'd like to turn the call over to Mr Kasper Rorsted. Please go ahead, sir.

Kasper Rorsted: Good morning ladies and gentlemen from Düsseldorf and welcome to our conference call. First I’d like to focus on the key developments of the fiscal year 2015, followed by an update on where we stand in terms of executing on our strategy 2016. Then Carsten will provide you with the detailed financials of the full year and for the fourth quarter. After that I'll close my presentation with a brief summary for 2015 and the update of our guidance for fiscal 2016. And finally, we'll be happy to take your questions.

I'd like to begin by reminding everyone that the presentation, which contains the usual formal disclaimer to forward-looking statements within the meaning of relevant US legislation, can be accessed via our website at Henkel.com/ir. The presentation and discussion are conducted subject to the disclaimer. We will not read the disclaimer, but propose we take it as read into the records for the purpose of this conference call.
Now let's get started. I will start with the key developments in 2015.
Overall it was an excellent performance in a volatile environment. We grew our organic sales growth by 3%, nominal more than EUR1.6b, adjusted EBIT margin at an all-time high of 16.2%, the adjusted earnings per share growth at 11.4%, a strong free cash flow of EUR1.7b, we spent approximately EUR1b on acquisitions and CapEx, and we are proposing a dividend payout ratio of 30.2%, which is subject to approval at the AGM in April.
How did we deliver against guidance? And, as you know, we modified our guidance in November.

Our organic sales growth we guided at approximately 3% and we came in at 3%. The emerging market sales share we had guided at prior-year level. We came in at a slight decrease. At this stage I will, however, like to say that the growth rate in the emerging market continued to be strong in 2015, coming in at 5.9%. So overall a very strong growth rate. The delta Carsten will explain, but it's predominantly due to FX. We guided an adjusted EBIT margin of 16% and we came in at 16.2%. And we guided an adjusted EPS growth above 10%, and we came in at 11.4%. So we delivered upon our key financial KPIs for the fiscal 2015.
We continued our profitable growth with a consistent execution of our 2016 strategy, which I’ll take you through in detail. We delivered double-digit nominal sales growth, the EUR1.6b I spoke about, with acquisitions and FX tailwind also contributing. We saw solid organic sales growth driven by all businesses. We continued to see strong organic sales growth in the emerging markets, and the emerging markets being the primary driver of our growth as a company. We saw positive organic sales growth in the mature markets, driven by North America. So in our turnaround in North America we are making the progress that we set ourselves out to do.

We saw a strong increase, up 40 basis points, in our adjusted EBIT margin and as I said before, a double-digit growth in adjusted EPS 11.4% and dividends over 12%.
So what were some of the challenges in the overall environment? We continue to see severe geopolitical and social unrest in certain countries. Let me first start with Ukraine and Russia. Going into 2015 we guided that this would cost us approximately EUR100m on the bottom line, and that came as we expected. And we continue to see a very volatile environment in Eastern Europe having a severe impact on the currency, particularly the Russian ruble.

Also in the Middle East, which has over many years delivered double-digit growth, we saw lower growth rate in the Middle East because of the war situation in the Middle East. So despite a great effort of our team, and despite solid growth rate, we couldn't match the previous growth rates we've seen in the region. We are seeing a moderate GDP growth in 2015, very similar to 2014, pretty much amounted 2.5% for the year, which has been consistent the last three years.

And we did see a lower economic growth in China. And let me be specific around this, that you are seeing China moving from a manufacturing industry to become a more service-based industry. So our manufacturing-related revenue has been impacted by this, which is what you're seeing, and the Adhesive Technologies' overall growth rate, with China being the second largest country force in adhesive and third largest country for Henkel as a total, and because of the slowdown in the manufacturing industry in China, we have seen that reflected in the growth rate for our Adhesive Technologies business.
Now let me move on to Laundry & Home Care. We saw solid OSG at almost 5% and very strong market improvements in 2015. Laundry was solid and home care was strong. The mature markets were positive, and North America was solid. The emerging market continued to be very strong. We saw an adjusted EBIT margin with a very strong increase, where Carsten will take you through the details. We saw ROCE being below level of previous year due to two effects. One is acquisition and the other is currency.
We continued to see a key driver for not only improvement of the top line, but also the bottom line, of a very strong innovation pipeline.
And I'd like to mention one which is of more strategic importance than the other one, and that is the introduction of Persil in the US, which we spoke about in our set of quarters throughout 2015. It was introduced into the US market through an exclusivity with Walmart in the first quarter and is now being rolled out nationwide. This is an important introduction for us. It will take a couple of years before we know how sustainable the introduction is, which is very similar to market introductions in any other market. So this is not good or bad; this is simply just a statement of fact. But a very important introduction for us.

We also won a very important consumer test in the US as having the best laundry care product in the US.
On Beauty Care we saw solid OSG and very strong margin improvement in 2015. Retail was solid and hair salon was positive, so it's good to see the professional hair care side became positive. The mature markets slightly negative, driven by Western Europe, North America solid. So we're also seeing the turnaround in North America. Emerging markets very strong, and China, with all the noise around China, continued to be double-digit for us, predominantly driven by very strong online sales. The adjusted EBIT margin with very strong increase, ROCE above previous year’s level.
And again also here, the same comment as for our Laundry & Home Care business, we see our innovation pipeline helping drive the top and the bottom line.
And I'd like also in the same context as for Laundry & Home Care business, mention the introduction of Schwarzkopf to the retail side in the US, where we have had a similar strategy as for Laundry & Home Care, making exclusivity in the first and second quarter with Walmart. And now starting a nationwide rollout where we've taken our Schwarzkopf brand from the professional channel to retail channel, and also introducing hair coloration, which is a stronghold of our Beauty Care business into the North American marketplace. The first results we've seen being in the market for almost a year has been promising.
Moving on to Adhesive Technologies, we saw a solid OSG and we saw, all business groups saw SBUs contributing to this growth. Mature markets were positive, and North America were positive. We saw emerging markets being solid and China being slightly negative. And China was two faces throughout 2015. We saw very strong growth in the first quarter, we saw solid growth in the second quarter, and we saw negative growth in the third and the fourth quarter, but the fourth quarter at the same level as the third quarter. So we saw a stabilization of the revenue development for our adhesive business in the third and the fourth quarter.

And as we said on a number of occasions, we are still long term very bullish in China. We believe what we are seeing is a clean-up of the inventory in this entire supply chain. And I think if you read some of the press, at first indications that in certain industries this is coming to the end, in certain industries I must stress, that was a positive automotive sales in the month of January. [Remark Investor Relations: Referring to the car maker sales, not Henkel] I believe it's far too early to, what do you call, declare victory, but it does though substantiate what we believe, that throughout probably by the end of 2016 we'll see a more normal growth rate in China with a clean-up of the inventory.

We saw adjusted EBIT margin at high level, 10 basis points below previous year and ROCE below previous year's level, primarily due to acquisitions.
We have also across the board increased our R&D spend with double digit percentage-wise, and we continue to see this also having impact on the market.
I’d like to mention in this context our mobile phone bonding. The mobile phone industry, as you know, is a very important industry for us in the electronics business. And what we have moved from to is, we’ve moved from being a pure product manufacturer to being a solution-oriented provider. And we are co-developing machining technology that allows more sophisticated application of our products into the electronics industry and that allows us for having a better position in this industry that we are delivering total solutions and not just product-only solutions.
This was the overall highlights of the year. And Carsten, as I said, will take you through the numbers in detail.
Let me just give you a brief update on where we are on strategy 2015, which progress have we achieved in 2015. You all know, we all know our four strategic policies, outperform, globalize, simplify and inspire. And now let me give you the highlights of where we are.
And I'll start with outperform and globalize.
2015: Consistent execution of our 2016 Strategy

On outperform, today our top three brands generate EUR5.9b in sales compared to EUR5b in the previous year. Our top 10 brands generate now 61% of sales compared to 59% in 2014. So on the brand consolidation and the brand strengthening, we are now in the position where we are, we want to be. It will be minor changes moving forward. And we can see that has played out to our advantage. We are seeing the growth coming from all our top brands. We continue to see customer focus enhanced across all channels in the way we engage with customers, whether it’s in the sales, in the marketing or in the co-development side.

On globalize, we continue closing white spots in attractive categories, to see where we can move through into, whether it’s inorganic or organic. We are fostering our online sales both in B2B and B2C, and this year we reached approximately EUR1.5b. This will be a more and more important channel for us in the future.

Predominantly the online sales is coming from our B2B side. We expect over time a migration also on the B2C side. So the initiatives that we are undertaking to generate sales in the online side is immensely important. And as I indicated on the Beauty Care in China, a big part of our growth rate in China is now coming in online B2C sales with the partnerships that we have initiated.

We have strengthened our footprint, not only in emerging but also in the mature markets. So in almost all of our categories or countries we’ve been able to build a stronger market share position than in the previous year.
We have also done a number of acquisitions in the last two years, and I've mentioned two years for very obvious reasons, because it takes time from when you acquire until you integrate. So those we acquired in 2014, we are fully on track on the execution and integration of those, and they are living up to the financial expectations that we've had. And in 2015 we've done a number of add-on acquisitions.

We have built a position in our Laundry & Home Care business in Australia and New Zealand. We have strengthened our position in our Beauty Care business in Mexico, and with Novamelt we have strengthened our business in our high-pressure sensitive area in Europe through the acquisition of Novamelt and Magna-Tech, which is a surface treatment company we acquired by the end of the year in the US. So we continue to make add-on acquisitions to our portfolio and use our balance sheet appropriately.
Now let's move on to simplify and inspire.
On simplify, a big part of our strategy is to build a scalable business model. And we launched our one global supply chain in Amsterdam in the beginning of 2015 with zero employees. It came to approaching of having more than 150 employees. And in the migration of countries on to this new business model it's very positive to be able to say that the initial phase in summer went according to plan and had no revenue disruption. We had a major migration taking place around New Year, with Germany, Spain and Portugal moving online, with no negative impact on our business.

So we continue to push our one global supply chain and we also initiated the set-up of our one global supply chain hub in Singapore covering Asia.

Shared services, our goal was to reach 3,000 employees in shared services by 2016. That target we have reached by the end of 2015.

Despite the growth of more than EUR1.6b and a set of acquisitions, we have been able to maintain a flat headcount development year over year, which is a substantiation to our goal or aspiration of driving a scalable business model.

When it comes to Inspire, we executed our Harvard leadership program for top 200 senior leaders where we have done a joint program with Harvard leaders to ensure that our leaders are capable of operating in an environment that is not only increasing globalized but also much more volatile. And we make great progress in our talent development in the emerging markets, which you'll be able to see if you looked upon who is actually running the emerging markets for Henkel, which is predominantly people with a local passport. This is very different to approximately 10 years ago.
With this, I'd now like to hand you over to Carsten, who will take you through the fiscal year 2015 in greater detail. Carsten, please?

**Carsten Knobel:** Thank you very much, Kasper. Good morning to everyone. Sorry for my voice, which is not in the best shape today, but differently then to the Henkel figures, which I will present to you now in more detail.
Starting with our overall key financials and firstly with our sales. Sales came in at EUR18.089b, which is an increase of EUR1.7b in absolute terms or a double digit increase also in nominal terms of 10.1%. Within that 10.1% the organic growth is amounting to 3%, supported by all our three business divisions, which I will explain a little bit later.

Our gross margin, adjusted gross margin, came in with plus 80 basis points now to a level of 48.3%. This improvement was mainly driven by innovation and efficiency gains, but I will also come to that back a little bit later. As a consequence, adjusted EBIT margin is also up, to be precise 16.2%, the highest number in the Company which we ever achieved, with plus 40 basis points compared the year before.

And finally, our adjusted EPS for the preferred shares increased by 11.4%, now to a level of EUR4.88. So overall in 2015 we achieved a high quality of earnings and by that we could deliver on all our financial KPIs and with that hitting also the guidance for 2015.
Before I move on now and go a little bit more into also cash-related KPIs, I would like to give you a glance on how we closed the quarter four in 2015. Sales came in at EUR4.374b, which is an organic growth related of 2.9%. The gross margin adjusted came up by 110 basis points now to a level of 47.1%. In correspondence, adjusted EBIT margin is up by 70 basis points now to a level of 15.3%. And the adjusted EPS for the preferred shares shows an improvement of 9.9% to a level of EUR1.11.
With that, let me now come back to 2015 full-year figures and, as I said, look at our cash-oriented KPIs. Net working capital is one of our leading indicators in order to show how cash-oriented we are, reached a level of 3.8%. This is the second best ever in history with, as I said, 3.8%. You may recall that I have told you some years ago that we believe that roughly 3.5%, 3% to 3.5%, is the optimal level what we would like to reach. The 3.8% is quite close to that, taking also into account that we are quite smoothly integrating also the acquisitions. From cash-oriented point of view we improved compared to the year 2014 by 40 basis points.

Moving to our free cash flow, free cash flow came in at EUR1.69b, which is an improvement of 26.8% or also in absolute terms EUR350m up compared to the year before. And our net financial position, which I will also give you some more details during the presentation, reached EUR335m, which is an improvement of EUR488m compared to the year before.
With that, let me go more into the details, starting again with our sales development, I already told you the plus 10.1% improvement in nominal terms. We had the organic growth, as I mentioned before, of 3%, which is composed by a balanced combination of price, plus 170 basis points and volume of plus 130 basis points. M&A effects came in with plus 2.7%.

And we realized, or we had, FX tailwinds in total of 4.4% or in absolute terms EUR720m. I think important is to understand that the first half year had a significantly higher impact, plus 6.6%, while the second half year was coming in with plus 2.3%. If you take the overall period from 2013 to 2015 we still have a headwind, because in the first two years we had a headwind of roughly EUR1.5b. If you add the tailwind of roughly EUR700m, you see that in total we’re currently operating with a headwind of roughly EUR700m related to FX.

I think also important is that you see if you add the organic and the M&A part, we have roughly 60% of the 10.1% coming from organic or inorganic contribution of the decisions and the measures we are undertaking.
With that, I would like to further move and here now coming to the regional setup, and first giving you an overview about the development in emerging and mature markets. Emerging markets, in line with our strategy, again over-proportionally contributed to the growth of Henkel, 5.9% in relative terms, and the mature markets increased by 0.7%, and so with that a solid development, especially related to the North American development. With that, the emerging market share in terms of total shares is 43%, slightly below the prior year. And this is exclusively done by the FX headwind we experienced in the majority of the emerging market currencies.
With that, let me move now to the six regions we are reporting on, starting with Western Europe. Western Europe in total amounts for 33% of our total sales. You see a slight negative organic development, with minus 0.3%. We had positive results in key countries like France, Germany and also southern Europe, as we reported through the quarters of the year that Southern Europe turned from negative to slightly positive. But we had some negative developments in Switzerland and also in the Nordic countries, where we could not overcompensate with the numbers I told you before.

Moving to Eastern Europe, Eastern Europe represents 15% of our total sales. We have seen a very strong development with plus 7.3%. This is like in the whole year in the quarters driven by a double-digit development in Russia and the Ukraine, but also strong developments of Turkey and Poland.

Africa/Middle East, a strong development, 6.8% in organic terms. Africa/Middle East in total accounts for 7% of our total sales.

Coming now to North America, North America showed a solid development of 2.3% and here important supported by development of all three business divisions. In total North America amounts for 20% of our total sales.
Latin America, roughly 6% of our total sales, had a very strong development, plus 8.8% in the year 2015, driven by a double-digit development also by Mexico in that setup, Brazil slightly negative, especially caused by the weak economic environment we have also reported during the year.

Finalizing now with Asia Pacific, Asia Pacific roughly estimates 17% of our total sales, showed a solid development of 2.5% in organic terms. We had here, as we have reported also during the year, a double-digit development for Beauty Care in total in China, while the situation in Adhesive Technologies in China with a good start in the year, but then affected by the topics Kasper has already alluded to, the weakening economic environment, closed in total for the year with a slightly negative development.

Giving you a short glance also when it comes to the regions on the Q4 figures, important to recognize is that all regions were growing in Q4. Latin America, North America but also Western Europe improved their OSG. In Q4 Eastern Europe was more or less in line with the full-year performance as we had in Q4, and Africa/Middle East and Asia Pacific a little bit below.
With that, I would like to move to our three business divisions, starting first with Laundry & Home Care. Laundry & Home Care amounts for 28% of our Group sales. Organically we are up 4.9% in total or nominal double-digit development plus 11%, and also here M&A accounted for 5% of the nominal sales growth. We had the 4.9% were split and very balanced between price and volume by 220 basis points up in price and 270 points up in volume. Our laundry business showed a solid development in terms of organic net sales growth, while our homecare business recorded strong growth.

Looking into the regions, emerging markets continued their particular momentum when it comes to organic net sales growth, showed a very strong growth rate supported by all regions in this respect. Mature markets also with a positive development. We had positive results in Western Europe and, as I said before, also a solid performance in North America by the activities Kasper has mentioned before.

Looking to the bottom line, a strong, a very strong improvement, 90 basis points improvement now to a level of 17.1% when it comes to the adjusted EBIT margin. And also from a cash perspective I’m very happy to announce that also here the net working capital in percent of sales improved compared to the very strong result of the year before, now reaching a level of minus 6.7%.

Also here a short look on Q4 to put that in perspective. We have seen here organic net sales growth of 4.3%. All regions were contributing to that. And also when you look at the bottom line in the back-up of the charts you will see the adjusted EBIT margin improved by 130 basis points compared to the Q4 of the year before.
With that, let me move to our second fast-moving or HPC business, the Beauty Care business. Also here very good results of the year 2015 overall. We recorded an organic net sales growth of 2.1%. The composition of price and volume is 150 basis points to price and 60 basis points of volume, both up in that context. We recorded in total a nominal sales growth of 8.1%, with M&A contributing by 2%.

Looking at the two business sectors, the retail business showed a solid organic net sales growth. Also the hair salon business now over the whole year. You know that we were reporting on that every quarter, has shown a positive organic net sales development, and this related to still difficult markets.

Looking also here to the regions, emerging markets very strongly development, very strong development in organic growth, double-digit contribution by Latin America, as I mentioned also before. Double-digit contribution by China, but also of Russia in that context, and also here Mexico and Colombia was very strong, or double digit development. Mature markets slightly negative. We have, first starting with North America, also seen in the Beauty Care business, a solid development when it comes to all the organic net sales growth. We were slightly negative in Western Europe and in the mature parts of Asia, especially due to the increased competitive intensity.

Looking also here to the bottom line, very strong development, 60 basis points' improvement now to a level of 15.9% for the total year. Net working capital, also very happy to report with 1%. We have a very strong development, 30 basis points' improvement compared to also a very good number of the year before.

Looking also here on Q4 and give you a glance on that, we have seen in organic net sales development of 2.4% in the quarter of Q4, with emerging markets showing a strong development, China with very strong growth rate, and also here mature markets showed a positive development in Q4. And the adjusted EBIT margin with 90 basis points' improvement, a very strong development.
With that, let me move to our third division, which is the Adhesive Technologies business, in total accounting for 50% of our total sales. We have seen an organic net sales development of 2.4%. This is composed by 150 basis points improvement in price and 90 basis points in volume. M&A contributed 1.7%. The nominal growth in total, also for sure here helped by tailwinds and FX, showed a double-digit improvement, 10.6% to be precise.

Important all segments are growing, the strongest contributor in that respect is transport and metal, but, as I said before, all five segments are showing positive organic net sales growth for the year 2015.

From a regional perspective, we have seen a solid development in the emerging markets with double digit development in Russia, in Mexico and, as I alluded before, especially due to the economic environment in China a slightly negative for the total year of 2015. Mature markets positive, supported by Western Europe and North America, and also by the mature part of Asia.

With that, having a look on the adjusted EBIT margin, you see here minus 10 basis points to 17.1%. As you know, the 17% is still a very high level, nevertheless, as I said before, slightly below. But here also to have a different shaded look in first and second half year. While the first half year the margin was down, we have seen, based on the measures we have taken, which we have announced also during the year, we have seen a margin increase in the second half of 2015. Coming to net working capital, also here we recorded a significant improvement of 70 basis points now to a level of 11.5%.

Looking on the Q4 trends, we have seen an organic net sales growth of 2.3%, also here supported by all businesses and the adjusted EBIT margin was flat at the level of 16.8%.
With that, now leaving the three business divisions, coming back to Henkel and now to our income statement adjustment, and now starting from the bridge from sales to gross margin. I think sales I already alluded in detail, the EUR18,089m which you have seen, plus 10.1% in nominal terms. You see that our gross profit in absolute terms, relative terms, over proportionally contributed plus 12.1% or EUR8,739m, which led in the end to an improvement of 80 basis points to a level of 48.3%.

For sure we certainly benefited from lower input costs on a moderate level, but on the other side please take into account that these savings were offset by negative trends, actual effects related to currencies. It is that what we already announced beginning of 2015, that especially in the Russian/Ukrainian environment we had a quite significant hit, negative hit, in terms of EBIT impact because of the very intense impact of the currencies related to these currencies I mentioned.

So, as mentioned before, the majority of the improvements what you see within these 80 basis points are related to innovations, which we executed, and improvements in production, supply chain efficiency and cost reduction measures.
With that, now moving further in the P&L, now looking from gross profit to EBIT, we have, to be very straight, not very spectacular changes to be reported. We see marketing, selling and distribution expenses on a level of 25%, flat compared to the prior year. In absolute terms we increased our investment by 10% or in absolute terms roughly EUR400m and, amongst other effects, the majority is related to FX and M&A effects.

R&D expenses, 2.6%, slightly above the level of 2014. The admin part reaching 4.8% in sales, increased by roughly EUR150m, same reasons as I mentioned before for marketing, selling, distribution expenses. The reasons for that is acquisitions and negative FX effects. Regarding other operating income, other operating expense, they remained at a very low level, 0.3%. So in total that led to EUR2,923m in terms of adjusted EBIT and the margin respectively of 16.2%.
As you are used to, we always give you a bridge from the reported to the adjusted EBIT. Starting at the reported EBIT of EUR2,645m, we had minor one-time gains of roughly EUR15m. We had one-time charges of EUR100m. The majority of that is related to the set-up of our integrated global supply chain organization, which Kasper has during his strategy update reported on.

And you see restructuring charges of EUR193m. You know that we guided between EUR150m and EUR200m and we made it more concrete in Q3 when we said it's more on the upper part of that number. Reporting is on that EUR193m and this is especially related to the point that we said in the second half. We increased our efforts to adapt our structures to the market condition and this was especially related to the adaptations in our adhesive division.

And, as reported before, it reached then the EUR2,923m as adjusted EBIT for the year 2015.
Moving now and showing you now the net financial position of Henkel, we improved the situation by EUR488m, which are already reported on, compared to the minus EUR153m of the year 2014 and you see the bridge in between. As I said before, we generated a very strong free cash flow of EUR1,690m.

And how did we spend the cash related to that improvement in free cash flow? EUR597m we paid for the dividends, acquisitions payments were in the magnitude of EUR374m, and we had other effects of EUR230m, thereof the majority contribution comes from pension funds and the rest is attributable to currency effects. Over a long-term period now, over the last seven years, we have improved the net financial position by EUR4b since 2008.
Moving now away from the financials and also giving you a short update, as you are used to during a full year, on how we use our cash or, in other words, the excellence in value creation, how we see that. You know that we have the three blocks, which I report on, organic, acquisitions and cash-return options.

Starting with organic, we invested EUR625m in CapEx, which is an improvement or an increase of 21%. Two thirds of these investments are related to expansion projects and rationalization measures.

And in line with our strategy to create a more scalable business model we have also invested significantly in our infrastructure when it comes to IT. And here to be mentioned, our three major initiatives behind this. It’s shared services, further improvement of shared services and growing that. It is consolidating our IT systems, one SAP platform at the end of the day. And for sure also the one global supply chain organization where Kasper has alluded that we had a very good start mid of the year when we launched the first trace, but also even that it is not related to our 2015 reporting, but also a very good start in January for the countries of America and Germany.

Moving to our acquisitions part, as I said before, we paid for acquisitions EUR374m and with that we continue to strengthen the market position across business units and our regions. The majority was spend related to the laundry business, which we acquired from Colgate in Australia and New Zealand.

Together, CapEx and acquisitions amount for EUR1b of investment behind our brands, behind our businesses, behind our regions.

With that, I would like to come to the third pillar, which is the cash return options. You heard it before, at the annual general meeting on April 11 we will propose a dividend of EUR1.47 per preferred share and EUR1.45 per ordinary share. This is an improvement of plus 12.2%, so an increase double digit in dividend, which is also in line with our strategy when it comes to our payout ratio, because the numbers I showed you before are related to a payout ratio of 30.2%.
With that, I would like to thank you for your attention and hand back to Kasper.
Kasper Rorsted: Thank you very much Carsten. Let me now do the summary and the outlook and then we'll go on to the Q&A side. Overall it was an excellent performance in what we call a volatile environment. We delivered upon our guidance in a market that was not always easy. We saw solid organic sales growth driven by all business groups throughout the year. We saw strong organic sales growth in the emerging markets, 5.9%, and we saw positive development in the mature markets, with the turnaround of the USA. We saw a strong increase in adjusted EBIT and margin, and double-digit growth of our adjusted EPS and dividends.

And let me just repeat what Carsten said at the beginning of his presentation. We took revenue up almost EUR1.7b. We increased our EBIT by EUR330m. We increased our operating EBIT by 12.9%, our EPS by 12.2% and our shares grew double digit in a market that was challenging last year. So we believe it was a good year in a challenging environment and it was an important and a successful step towards the execution of our 2016 strategy.
When we look upon the challenges and opportunities in our markets in 2016, I think it's important to get the balance right here, because it is a balance. There is no doubt that the geopolitical situation will continue to pose a challenge for us and other global companies. The FX volatility can be an upside and can be a downside. Right now we're seeing a number of currencies trading against the consensus, but it is one with high volatility, with the dollar trading within 1.10, 1.13 and 1.09 within five trading days. These are the challenges we have.

I think it's important on the other side also to look upon the other side of the balance sheet. GDP growth is currently forecasted to come in at 2.8% versus 2.5% last year. It's a different constitution of the GDP growth, but reality is that the current outlook is an increase in 30 basis points. We are seeing cheaper raw materials than we anticipated going into the year, which should overall be positive for us.

So it's a balanced view and it depends on how the different elements will play out throughout the year. So it's a year where we have more moving parts, and moving parts that move with a higher volatility than we've seen in the past.
So what do we look upon and what do we describe the environments? I tried to do it before. On the macro we see consistent geo-political tensions and political risk and we don't expect any improvement in our trading conditions, particularly in Eastern Europe and the Middle East for the year. We see moderate and heterogeneous global GDP growth, as I said, around the 2.8% versus 2.5% last year. We see high volatility up and down on some of the key currencies, but also a low on crude oil prices, which has a positive impact on our raw materials.

It's important that we continue a focused and balanced investment to foster organic and inorganic growth, and I think Carsten showed very clearly in 2015 the constitution of the elements, which are more in our control, which are organic and inorganic. We have a strong innovation pipeline in all our business units that will help drive growth and profitability. I mentioned a couple of examples, two in America from our fast moving consumer goods business, but also one in our high-tech area in the adhesive business.

We have a very strong cost focus and we continue to adapt our structures to the market, and you could see that in our higher than originally anticipated restructuring numbers for 2016, and also declining headcount numbers throughout the full year. And that will continue in 2016. And we will continue our focus on our 2016 strategy.
Which brings me to the guidance, and before I go into the elements, let me just mention the following. For the first three years in our four-year cycle we have a 9.7% EPS CAGR and we are fully committed to achieve the 10% EPS CAGR for our strategy cycle 2013 to 2016.

We are guiding at 2% to 4%, so lower than normally the 3% to 5%. Also what I want to highlight here is the more conservative guidance here is also that we want to make sure that we drive our cost structure along a lower revenue line to ensure that we are very conservative in the way we look upon our costs.

We expect the emerging markets sales share to go slightly up. This of course is or will be impacted what the currency situation is, but, as you can see, we continue to experience strong growth in the emerging markets, with 5.7% in the previous year.

The adjusted EBIT margin we expect to increase by 30 basis points, coming in at 16.5%, with all business groups on or above previous year. And we expect our adjusted EPS growth between the 8% and 11%.

And this is here the important part to get the balance right. We are fully committed to the EPS CAGR of 10%. At the same time, with the volatility particularly around FX that we are seeing in the market, we are seeing fluctuations we have not seen before and I think it’s important that we reflect the risk in the way we see the market. It has nothing to do with our commitment to delivering upon our financial commitments towards the market, with our key indicator being EPS at 10%.
With this, I would like to come to the close and the upcoming events with our AGM taking place in April; our Q1 financials in May 19; we have the Investor Conference in June 6 and 7; second quarter in August 11; we have our third quarter financials coming out on November 8; and then we have the new strategy for 2020 being communicated approximately a week after on November 17.
And with this, I would like now to go to the Q&A session and take any questions you might have. So let’s please go to the Q&A.
James Targett: Good morning everyone. A couple of questions from me. Just firstly, just on the China market and adhesives, you mentioned that you did see a decline in the second half, but stable Q3 and Q4. Could you maybe talk about what you think your market share in adhesives has done over that period and if your declines are in line with the market or whether you're changing share there?

And then secondly, just on the outline for margins, could you give a bit of color as to the divisional mix of that 16.5%? I appreciate you say all are above or at the level of last year, but it would be good to get an idea of where the upside's coming from. Thank you.

Kasper Rorsted: James, I'll take the first question and Carsten will take the second. As I said, we did see a quite favorable growth in the first half in China for us and then a stable decline, lower mid single digit in the second half. We don't believe that by any means we've lost any market share during the period of time, if anything that we actually see we've held or kept market share. So it's been different developments within different market segments.

But the predominant driver for the decline in the business was a slowdown in the manufacturing segment, with a focus of really lowering the inventory levels within the different industrial sectors in China. So, if anything, we've kept or grown our market share. So we're not from a market share perspective really concerned about. What we'd like to see is a continued, what you call, a lowering of the inventory levels in the supply chain, where our assumption is that this will happen mid/end next year and then you will get a more normalized growth rate. So organically we are actually quite happy with, or substantially we are quite happy with our position in China.

James Targett: Can I just ask what you see that more normalized growth rate being?

Kasper Rorsted: If you look upon the current outlook for the GDP, it's around 6% to 6.2%, and I think that you're going to see a manufacturing sector that will grow below that level and you'll see a service sector that will grow above that level. So that would mean depending on which segments we're in, you should expect not double digit growth rates but definitely above normal GDP growth rate globally. So maybe 5% to 7% growth rate [Remark IR: GDP] I think is a realistic growth scenario for China moving forward. After, on a macro level, you will see certain sectors grow significantly higher and lower.

Carsten Knobel: So James, to your second question regarding the guidance relating to margin and BU split, I think you're used with Henkel that we give a quite detailed guidance to a lot of KPIs and I think we are very clear what we have said now. We expect roughly 16.5% and, you repeated it, that all three divisions will either be or slightly above supporting that. So more I cannot disclose at that point.

James Targett: Okay. Thanks very much.
**Iain Simpson:** Thank you very much. Let's try that one again. Yes, a couple of questions from me. Firstly, just in terms of the gap between gross margin and EBIT margins, so we've seen gross margin 80bps full year, EBIT up 40bps. What's the delta here because normally you guys are pretty good at fixed cost control and we've seen your headcount remain unchanged?

And then secondly, just on China retail beauty, I think you launched that four or five years ago now. How big is that, how fast is it growing and what percentage of it is in the online channel now? Thanks very much.

**Kasper Rorsted:** So I'll start with the China side. We are seeing our beauty business continue to grow double digit in China, as we also said during the call. And we are seeing that the primary growth driver in China is coming from online. That is also due to the distribution of brick-and-mortar retailers. In China we have a very different landscape than you've seen in other countries, simply because of tier one, two and three cities. So we are increasing our market share. We have a higher market share relative to the market in online versus retail, so that is one.

We are seeing our business that is approximately EUR300m in China today total. We don't disclose retail versus online, but we are seeing, as I said, a stronger growth in our China business on the online side and we continue to expect a strong growth in online. The question is to which extent will brick-and-mortar retail grow in China, but we're very happy with the online position and the overall position in China.

Maybe one point on headcount before Carsten goes in. We are managing headcount very tight as a Company. That is part of what we're trying to do. In 2007 we had 52,000 people in headcount before adding 6,500 from National Starch and the acquisitions. So the way we manage our cost line is through headcount. Carsten.

**Carsten Knobel:** Iain, I think one thing is clear; we have not changed the way how we measure costs and how proactively we address these points. I think here we are very clear.

To your specific question, the 80 basis points up in margins and, in apostrophes, and only 40bps up in adjusted EBIT margin. The difference is related to three factors. One I reported on because we increased our R&D investments and this has an impact of roughly 10 basis points. And the other two factors, which I also mentioned, M&A and FX. You know that we are currently integrating a certain project and it takes a while, 18 to 24 months. These are the majorities in terms of the impact, which creating the difference of the 40 basis points which you are missing in this bridge.

**Iain Simpson:** Thank you very much.
Operator: Mirco Badocco, RBC.

Mirco Badocco: Yes, good morning. When you announced your strategy back in 2012, you targeted the reduction in manufacturing size to around 155 by 2016, which of course didn't account for acquisitions. You now have 175 so my question is, is the target still valid or do you have a new number in mind? Thank you.

Kasper Rorsted: We are completely on track related to that and the majority impact for sure is the acquisitions which have changed the number of the 155, but we are measuring that quarter by quarter and we are fully on track to reach the number what we have disclosed at the beginning of 2013.

Mirco Badocco: Thank you.

Kasper Rorsted: So the 155 is clear, as you mentioned it, but, to be clear, it is without the acquisitions.

Operator: Charlie Mills, Credit Suisse.

Charlie Mills: Yes, good morning. I'm slightly confused by your earnings target of trying to do double digits this year. If your revenue growth is 2% to 4% and margins are up 30 basis points, as far as I can see, currency is looking like it's a minus 3% or 4% on your revenue. That doesn't really add up to the earnings number. Is there something I'm missing somewhere on an interest line or a tax line or something? Perhaps you can help out there.

Carsten Knobel: So Charlie, one thing is clear, the guidance which we have given for EPS reflects our best knowledge and the assessment of different drivers for the business performance. So we don't want to speculate on how certain drivers may develop or not develop for us still. For example, when it comes to FX we are looking on consensus rates, which are different for sure to the current rates. Nevertheless, we are not speculating but we are committed to this 8% to 11%. But, for example, to also give you a hint, in last year we had a hybrid bond, which was completely in our figures, which we cleared at the end of November, so therefore we will have an impact also on that. So there are different factors, but I think it would be -- as I said, we are guiding quite in detail and nothing to be added what Kasper has said that the 8% to 11% is for sure the clear ambition and the commitment. And one thing which comes on top is, for sure, also you know that we have also M&A as an integral part of our strategy and also here we will not report and cannot report what kind of impact that could have or not.

Charlie Mills: Can you say what the currency impact will be based on today's exchange rates on your revenue line then, perhaps?

Carsten Knobel: No, we do not comment on that.

Charlie Mills: Okay. Thanks.
Kasper Rorsted: I think this is very important. We go in and we do an annual planning which is based on consensus outlook for GDP, for currencies, for raw materials and upon which we build an outlook, which we have always done. There is no change to that. The only change we have seen this year is that we have seen a high volatility in deviation to \([FX]\) consensus \([Remark IR: \text{of Consensus Economics Inc}]\), and that is why we have built a range in. The range has nothing to do with our commitment. We're just saying that we have seen a higher deviation to \([FX]\) consensus this year than previous year, which is the only reason why we have a range in there.

Charlie Mills: Okay. Thanks.

Operator: Guillaume Delmas, Nomura.

Guillaume Delmas: Good morning. A couple of questions for me. The first one is on the adaptation measures you announced in September last year for your adhesive business. Just wanted to make sure that there was no change in terms of when you're going to be implementing all that program, which was I think last time you talked, Q2 2016, and also wondering whether you've seen any benefit from this program in Q4 2015.

And then my second question is on the adhesives for consumer, craftsmen and building division. We've seen another quarter of strong margin contraction in Q4 after a nice up-tick in Q3, so that's a sixth quarter of substantial margin contraction in the last eight quarters. Any structural issue there or it's still very much FX related? And given where some local currencies are today, particularly in Eastern Europe, should we expect further contraction over the next couple of quarters? Thank you.

Kasper Rorsted: So on the adhesive side, you know very well we announced following the second quarter last year we are fully on track to meet the target we set ourselves with regard to restructuring. And that has been executed and no later than the second quarter we're done with that. You're seeing less impact in last year simply because of the delay in the P&L, not in the delay of the execution, because, as you know, in Europe you simply can't lay off from day to day. But we are fully in plan to deliver exactly upon what we set ourselves out for.

For the consumer adhesives part, it's predominantly FX due to currencies in Eastern Europe, where you've seen the ruble being at 89, so no change. And structurally, you can see, because of where we are, we have not increased the headcount.

I believe that we're now coming to the end, so I would like to close, and say within an uncertain business environment we continue a disciplined execution on our strategy and we delivered a quarter of excellent performance and a strong year. Looking ahead, the high volatility and uncertainty and complexity in the market seems to remain. However, we are very committed, thanks to our innovation strength and strong brands, coupled with the ongoing adaption of our structures to the market and further driving operation excellence, that Henkel will continue to outperform the market and deliver upon our commitments and guidance.
I am sure you’re familiar with the latest Board appointments. As of May 1, Hans Van Bylen will become CEO of Henkel. Last week we have also communicated that Pascal Houdayer, who comes from our Laundry & Home Care division, has been appointed head of our Beauty Care division and will take over in this position on May 1.

But before closing today’s conference call, which is my last at Henkel, and before the AGM of April 1, I would like to thank you for the constructive dialogue we have had over the years in the earnings call meetings and roadshows and also say I’d like to look forward to seeing you again in the future with a different set of stripes on my shoulders. But thank you for the strong development in dialogue we’ve had over the years. So thank you very much and thank you for dialing in today and for your attention. Thank you.

**Operator:** Thank you for joining today's conference call. You may now replace your handsets.
Additional Guidance FY 2016 for selected KPIs

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<th>Prices for Total Direct Materials</th>
<th>Guidance 2016</th>
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<th>Restructuring Charges</th>
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<td>CapEx</td>
<td>€ 650 – 700m</td>
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[Additional information chart not shown during conference call]
[Additional information chart not shown during conference call]
### Q4 2015: Strong performance in a challenging environment

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<th>Adj. EBIT margin</th>
<th>Adj. EPS growth</th>
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<tr>
<td>OSG</td>
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<td>OSG in EM</td>
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<td>NWC in % of sales</td>
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<td>Net financial pos.</td>
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<td>€ 335m</td>
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[Additional information chart not shown during conference call]
Key financials - Q4 2015

- NWC in % of Sales:
  - 2014: 4.2
  - 2015: 3.8
  - Change: -40bp

- Free Cash Flow in m€:
  - Q4/14: 552
  - Q4/15: 782
  - Change: +41.7%

- Net Financial Position in m€:
  - 2014: -153
  - 2015: 335
  - Change: +€ 488m

[Additional information chart not shown during conference call]
Sales growth – Q4 2015

in m€, changes in %

- +6.0%
- +1.9%
- +1.0%
- +0.8%
- +2.3%

Sales Q4/14: 4.126
Price: +1.9%
Volume: +1.0%
M&A: +0.8%
FX: +2.3%
Sales Q4/15: 4.374

Organic & inorganic: +3.7%

[Additional information chart not shown during conference call]
[Additional information chart not shown during conference call]
[Additional information chart not shown during conference call]
Laundry & Home Care
Key figures Q4 2015

- OSG driven by 3.6% in price and 0.7% in volume

[Additional information chart not shown during conference call]
[Additional information chart not shown during conference call]
[Additional information chart not shown during conference call]
Thank you!